

Copyright © 2014 HT Media All Rights Reserved

Wed, 06 May-15; Mint - Delhi; Size : 272 sq.cm.; Page : 7

EXPERT VIEWS

How the government can fix the ongoing farm crisis

By SAYANTAN BERA
sayantan.b@livemint.com

NEW DELHI

Agriculture in India is going through one of its worst periods in recent times. On the one hand, farm incomes have been dented by falling prices of crops—both of key crops such as rice, wheat and cotton as well as cash crops like rubber, basmati rice, guar gum and potatoes. On the other, a drought-like situation in several states last year and unseasonal rains more recently have damaged crops.

The future too appears bleak for the rain-dependent sector as the Met department has predicted a below normal monsoon.

Stocks in the granaries may still be intact, but rural livelihood has been affected as farmers are unable to recover costs and debts are piling up. *Mint* spoke to experts on the immediate and long-term steps that the government can take to deal with the situation:

Ramesh Chand, director, National Institute of Agricultural Economics and Policy Research, Delhi, and member, national task force on agriculture, NITI Aayog.

1. Devise ways to address price- and production-related risks. In addition to insurance and immediate relief for crop loss, the government can make "deficiency price payment" when prices crash. Under such a system, farmers get the difference between the market price and a pre-agreed price that will act as a form of price insurance.

2. Connect the lab to the field: agriculture cannot grow without the aid of modern scientific research.

3. Pay attention to resource-use efficiency—in water and fertilizers.

4. Restructure the marketing framework to allow free movement of farm products. Follow the example of how a highly perishable commodity like milk travels across the country.

5. Provide alternative jobs to



Agriculture woes: Farm incomes have been dented by falling prices of crops—both of key crops such as rice, wheat and cotton as well as cash crops like rubber, basmati rice, guar gum and potatoes.

farmers as it is difficult to earn a living from small pieces of land (average land holding is a little over one hectare in India). Liberalize land lease markets as small farms are not viable.

Himanshu, associate professor of economics, Jawaharlal Nehru University, Delhi.

1. Inject funds into rural India to kick-start demand. Announce a package which can revive wage employment by, say, creating rural infrastructure.

2. Increase irrigation-related investments in rain-fed areas as the uncertainties of monsoon are here to stay.

3. Devise protection measures like price stabilization and credit at concessional rates and strengthen minimum support price (MSP) operations as price shocks will be more frequent in the future.

4. Bring extension services back on the agenda. Farmers need to know about better seeds, proper use of fertilizers and should get access to better technologies. Information and communications technology-based services like kisan call centres aren't enough.

5. Revamp marketing infrastructure and extend it to crops for which there is no MSP support.

Sudhir Panwar, leader of Kisan Jagriti Manch, a farmers' forum, in Lucknow and member of the Uttar Pradesh State Planning Commission

1. Announce a partial debt waiver (on loans taken for the winter crop) for farmers affected by unseasonal rains as the immediate relief for crop loss is inadequate.

2. Spell out the loan eligibility criteria for farmers who are unable to repay crop loans. At present, debt restructuring is only an advisory for banks and not binding upon them.

3. Make crop insurance more effective. Increase penetration and subsidize premiums so that farmers can avail insurance; carry out damage assessment at the field level to settle claims.

4. Undertake long-term research on how the crop cycle can be aligned with the changing monsoon. Improve availability of early maturing, drought resistant and short duration crops that can handle weather uncertainties.

5. Increase long-term investment in agriculture to ensure irrigation and address price shocks. The ₹500 crore Price Stabilisation Fund Scheme for perishable horticultural crops is insufficient.

PTI